

HOUSING POLICY STEERING COMMITTEE RECOMMENDATIONS MARCH 28, 2005

A Tenant Displacement Assistance Ordinance should include the following provisions:

1. Target Tenants: Any residential tenant, unless the tenant signs a legal form waiving these rights.
2. Threshold Projects/Applicability: Rental units (including non-permitted units) proposed for a change of use and/or demolition, except those that will become owner-occupied (by the owner named on the deed or a direct family member) or units lost in natural disasters.
3. Notice of Intent: Per State law, notice to terminate tenancy shall be 30 or 60 days depending on the type of lease.
4. Time Allowed for Relocation: Per State law, the time frame shall be 30 or 60 days depending on the type of lease.
5. Lease Termination: Tenant's right to terminate lease early.
6. Rent Limits: Limits on rent increases during the notice period.
7. Relocation Fee: One time variable fee based on three months of the existing rent or three months of the "going rate" rent for the unit size as determined by the City's Housing Division annual rent study, which ever is higher. Any portion of a tenant's security deposit that is returned to the tenant would reduce the amount of the relocation fee. The relocation fee would be applicable to each "unit." It would be the responsibility of the tenants within the unit to divide the fee, if appropriate.
8. Moving Expenses: Provided in addition to the relocation fee and based on typical moving expenses per unit size.
9. First Right of Refusal: If new residential rental units are proposed on the site, tenants have the first right of refusal for those units.
10. Retroactive Protections: The tenant protections would retroactively apply to any tenants evicted from a target unit within the past 24 months from the date of the Notice of Application. Tenants provide proof and apply for protections.
11. Disclosure: Upon sale of any property with rental units, disclosure shall be made regarding the Tenant Displacement Assistance Ordinance.

EXHIBIT A

TENANT DISPLACEMENT ASSISTANCE ORDINANCE
APRIL 12, 2005
WORKSHOP NOTES

Four members of the public attended and provided input on the issues of creating a Tenant Displacement Assistance Ordinance. Specifically, comments were taken on draft provisions that had been developed by the Housing Policy Steering Committee, as follows:

Provision 1: Target Tenants. Any residential tenant should be provided displacement assistance.

Comments:

- Use a “qualification/means” test - qualifications would include low and moderate household income; limit to hardship cases.
- Tenants would welcome ordinance that provided funds to get into new rental situation as liquid cash for first months rent and security deposit may be hard to acquire. These funds would expedite move-out process.
- This displacement assistance process could be voluntary.
- What do we need to do to be consistent with the Ellis Act in terms of mitigation for displaced tenants?

Provision 2: Threshold Projects/Applicability. Rental units (including non-permitted units) proposed for a change of use and/or demolition, except those that will become owner-occupied (by the owner named on the deed or an immediate family member) or units lost in natural disasters.

Comments:

- Larger projects are in a better financial position to offer assistance.
- “Mom and Pop” projects or small projects of four units or less should not bear the burden. They should not be treated the same as larger projects.

Provision 3: Notice of Intent. Per State law, notice to terminate tenancy shall be 30 or 60 days depending on the type of lease.

Comments:

- The State regulates landlord/tenant notice. Clarify that this requirement is to be consistent with all provisions of State law.
- The City should provide the noticing so that it is done properly.

EXHIBIT B

Provision 4: Time Allowed for Relocation. Per State law, the time frame shall be 30 or 60 days depending on the type of lease.

Comments:

- The State regulates landlord/tenant notice. Clarify that this requirement is to be consistent with all provisions of State law.
- Provision # 3 and #4 deal with the same issue; these items should be combined.

Provision 5: Lease Termination: Tenant's right to terminate lease early.

Comment:

- If rent has been paid in advance, it should be returned.

Provision 6: Rent Limits. Limit rent increases during the notice period.

Comment:

- Rent increases are controlled under existing State statutes .Clarify that this requirement is consistent with all provisions of State law.

Provision 7: Relocation Fee. Proposed one time variable fee based on three months of the existing rent or three months of the “going rate” rent for the unit size as determined by the City’s Housing Division annual rent study, which ever is higher. Any portion of a tenant’s security deposit that is returned to the tenant would reduce the amount of the relocation fee. The relocation fee would be applicable to each “unit.” It would be the responsibility of the tenants within the unit to divide the fee, if appropriate.

Comments:

- Keep it simple; don’t present options for the relocation fee.
- Using three months of existing rent is a better option; do not punish the landlord for “doing a good deed” and keeping the rent low.
- Infill development is very expensive, given construction costs and insurance. This provision is one more added cost that will discourage redevelopment, i.e. the construction of more units. This ordinance may discourage infill projects.
- Over the past five years 87 units have been demolished; is this ordinance overkill? Also, for every unit demolished, several are built.
- Refund of security deposit should be separate and independent from the relocation fees, based on State regulations, just as rents and security deposits are separate.
- The security deposit should be refunded within the State mandated time frame. The landlord can either return the portion that is due after a careful accounting of any damage or they may wish to return the entire amount if the unit is to be demolished.

Provision 8: Moving Expenses. Should be provided in addition to the relocation fee and should be based on typical moving expenses per unit size.

Comments:

- What amount should a landlord be required to provide? Moving expenses to where? Within the city? Japan?
- Doesn't make sense to have moving expenses paid by the landlord; it's a given that tenants will eventually need to move.

Provision 9: First Right of Refusal. If new residential units are proposed on the site, tenants have the first right of refusal for those units.

Comments:

- This is a burden on the developer. Tenants will have relocated during construction; tracking tenants a problem given a project may take up to 18 months to construct.
- If the units are "for-sale" the selling prices are "ball parked" at the outset, but may increase and may not be in the price range for a tenant once construction has been completed.
- Provision would be difficult to implement.
- If the new units are rentals, the Landlords would want to select new tenants based on applications. They would want to select the most suitable tenants. The original tenant may not be the most suitable compared to other applicants.

Provision 10: Retroactive Protections: The tenant protections would retroactively apply to any tenants that had lived in a target unit and been evicted within the past 24 months for purposes of demolition or change of use.

Comment:

- Need to clarify how this provision would work.
- It may be too difficult for landlord/developers to find evicted tenants after an extended period of time.

Provision 11: Disclosure: Upon application of a demolition permit of any property or change of use of rental units, disclosure shall be made regarding the Tenant Displacement Assistance Ordinance.

Comment:

- Use the same noticing process as used for "affected property owners" when a new project is built. The City should do the disclosure noticing.

Other Comments:

- What have been the trends over the past five years in terms of rentals demolished or under going a change of use? What are the demolished units being replaced?
- These workshops need to be noticed more. More people need to be contacted. There are many more citizens or groups that would be interested.
- Education is key to prevent disputes.
- Add a mediation provision – should any disputes arise, mediation or dispute resolution should be employed as an alternative to litigation.
- Mediation may not be suited if this is an ordinance; these provisions would not really be negotiable.
- Voluntary program w/guidelines would find larger acceptance with the landlords.
- “Not less than” terms and conditions would be more popular. This would allow negotiation between a landlord and tenant.

SUMMARY OF TENANT RELOCATION PROGRAM FOR **700 BLOCK OF CHAPALA STREET**

The Residential Relocation Program consisted of the following:

- Notice: Providing not less than 90 days prior written notice to the residential tenants prior to termination of their leases.
- Relocation Assistance: Tenants would be provided application and leasing assistance through an affiliated company that manages over 800 apartments in the south coast area.
- Financial Assistance: The applicant would pay any required rental deposit for a new apartment, all utility hook-up charges and moving expenses up to \$1,500 tenant. Additionally, the applicant would pay on a monthly or lump sum basis, the net difference between the existing rent and the rent for a similar sized unit (studio/one-bedroom) for period of two years in an amount not to exceed \$10,000 per tenant. For the household with three children the applicant will pay the rental difference for a two-bedroom apartment for two years, or a lump sum not to exceed \$15,000.
- Purchase Opportunity: Existing residential tenants would have a preferred buyer position to purchase a new affordable 2- or 3-bedroom condominium in the project.

The provisions in this voluntary tenant assistance plan were accepted by the Planning Commission. However, the noticing provisions go beyond that which the City can require under State law as discussed below under the State Laws/Ellis Act.

CITY OF SANTA BARBARA CONDOMINIUM AND HOTEL CONVERSION ORDINANCE

The items listed below are provisions of the City's Condominium Conversion Ordinance. The text in *italics* indicates where the ordinance would not be applicable for a general Tenant Displacement Assistance Ordinance (TDAO) as the provision is specific to the Subdivision Map Act.

- A. Notice of Intent – A notice of intent to convert shall be provided to each tenant a minimum of 60 days prior to the filing of the application for a tentative map. This notice must include the tenant's right to notification to vacate, tenant's right of lease termination, statement on limitations on rent increases, provisions for special cases, provisions for moving expenses, and the right to receipt of notice for each hearing. *The 60-day minimum for the notice of intent would be applicable to certain circumstances in a general TDAO.*
- B. Vacation of Units – Tenants shall have not less than 180 days from the date of approval of the conversion to relocate. *The 180-day time limit for vacation of units would not be applicable to a general TDAO as it is a provision of the State subdivision Map Act.*
- C. Termination of Lease – Any tenant shall be given the right to terminate their lease without penalty following receipt of the notice to convert. *This provision could be applied to a general TDAO as there are no State law restrictions in this area.*
- D. Special Case Tenants – Any tenant that is over age 62, handicapped, low income, a single parent with minor children or otherwise likely to experience difficulty finding replacement housing shall be given an additional 6 months to vacate the unit. Tenants with school age children shall not be required to vacate prior to the end of the school year. *To be consistent with the Ellis Act, the additional 6 months for special case tenants to vacate their unit would not be applicable to a general TDAO.*
- E. Rent Increase – From the date of approval to convert, no tenant's rent shall be increased more frequently than once annually nor at a rate greater than the increase in the Consumer Price Index. *This provision could be applied to a general TDAO as there are no State law restrictions in this area.*
- F. Moving Expenses – Tenants shall be provided moving expenses of one and ½ times the monthly rent or \$2,000 whichever is greater. *To be consistent with the Ellis Act, the calculation of moving expenses for a general TDAO should consider the monetary amount needed to mitigate adverse impacts to tenants.*
- G. First Right of Refusal – Rental tenants shall be given the first right of refusal to purchase a condominium unit. *The first right of refusal may be applicable in a general TDAO if a new residential project were replacing the existing rental housing.*

EXHIBIT D

OUTLINE OF VARIOUS RESIDENTIAL TENANT PROTECTION/RELOCATION ORDINANCES

	Santa Barbara (condo conversion)	Santa Monica	Pasadena (draft ordinance)	Berkeley	Oakland	Los Angeles
Target Tenants:						
Any Tenant	X	X				
Low-Income 80% or less				X	X	X
Work Force (up to 140%)			X			
Special Needs	X	X	X	X	X	X
Threshold:						
Conversion/Change of Use	X					
Demolition		X	X			X
Removed from Market		X	X	X	X	X
Applicability:						
Any Rental Unit	X	X		X (4 or more units)	X (4 or more units)	X
Exempt SFR			X			
Exempt Condos			X			
Exempt SRO						
Exempt Mobile Home						
Exempt Nat. Disasters		X	X			X
Exempt Bldg Repairs		X				X
Relocation Mitigation:						
One-Time Fee		X	X	X	X	X
Long-Term Fee						
Moving Expenses						
Counseling/Assist.	X	X	X			
Displacement Plan		X				
Relocate to comparable		X		X		

EXHIBIT E

Special Needs Households:						
Additional. Fees		X	X			X
Additional Notice*				X		
Add. Relocation Time*	X			X	X	
* not applicable for SB						
First Right of Refusal	X			X		

In summary, the City's ordinances have a range of provisions as follows:

- Target Tenants: any tenant, low income tenants, or work force tenants, special need tenants.
- Threshold Projects: change of use, demolition, or removal from the market.
- Applicability: any rental unit, projects with less than 4 units, or units not planned for owner-occupancy.
- Exemptions: single family residences, condominiums, change of use from rental to owner occupied unit, SROs, mobile homes, units lost in natural disasters, or units needing major building repairs for code violations.
- Tenant's right to terminate lease early.
- Limits on rent increases during the notice period.
- Moving expenses in addition to relocation fee.
- First right of refusal if new residential rental units are proposed on the site.
- Tenant Protection/Relocation Permit.